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D.C. Hearing on Rewald Considered

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A congressional subcommittee hearing on the Ronald Rewald case is being considered in the wake of a visit here by two congressional investigators.

Michael Barrett and Peter Stockton, attorneys for the House Energy and Commerce subcommittee on oversight and investigations, left Hawaii Saturday after spending several days collecting information here about the Rewald case.

The subcommittee, which oversees the Securities and Exchange Commission, is interested in SEC's regulation of Rewald's defunct investment company, Bishop, Baldwin, Rewald, Dillingham & Wong. Specifically, the committee is interested in whether the CIA stopped any SEC investigation of Rewald's company.

Neither Barrett nor Stockton could be reached to comment about the scope of their probe while in Hawaii. But Barrett confirmed earlier that the committee was investigating SEC's handling of Rewald's company.

Thomas Hayes, administrator of Rewald's bankrupt company, said he met for three hours with the attorneys and discussed what he knows of the company. He said the subcommittee may hold hearings on the Rewald case but said they would not be held until after the new Congress is sworn in next year and the legislators have settled down for business.

ASSISTANT U.S. Attorney John Peyton said he met with the investigators but said he could not discuss the meeting.

Michael Levine, federal public defender and Rewald's attorney, said he did not talk to the congressional investigators although he wanted to.

He said he would welcome congressional hearings, even if they came before Rewald's trial on charges that he defrauded investors out of millions of dollars.

"To the extent that they ascertain the truth ... I'm fully in favor (of the hearings), he said. "The truth will do nothing but help Rewald's criminal case."

Rewald's defense hinges on his claim that the CIA set up and ran his company. The government contends that the CIA had only minor involvement in the company, using it as a mail drop and phone contact point.

Nevertheless, the courts have sealed some material retrieved from Rewald's files and sealed other court documents later filed in the case.

THE HANDLING of such classified materials creates some complications in this type of criminal case.

On Dec. 11, U.S. Judge Harold Fong signed a protective order, detailing procedures that will be used in handling classified material and having materials sealed by the courts. The procedures are set forth in the federal Classified Information Procedures Act.

Under the order, Department of Justice Security Specialist Joseph A. Norris was appointed court security officer. Norris will decide what materials involved in the case are classified and how they will be stored.

Levine will receive clearance from the Justice Department to see secret materials after signing a "non-disclosure agreement" and a sworn statement saying he will abide by Fong's protective order.